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Vermont Sales and Use Tax in Veterinary Medicine February 2020

Category	Manufactured for Human Use	Manufactured for Use in Animals
Prescription Drugs (including vaccines)	Exempt	Exempt
OTC Medications	Exempt	Taxable
Supplies	N/A	Exempt
Food including prescription	Exempt	Taxable
Durable Medical Equipment	Exempt	Exempt

Definitions and FAQs

The following information has been compiled based on questions directly from our members. We are sharing the Tax Department's answers in order to help our members understand changes in the Vermont tax code. This document is not intended to be official tax advice. The Vermont Department of Taxes has issued official guidance on the new law which has previously been shared with VVMA members and can be found on the [VVMA website](#) and on the [VT Department of Taxes website](#).

Food

Food intended for human use is exempt from sales tax even if used to feed animals. Pet food, including prescription food, is taxable.

OTC Medications

OTC medications are defined as nonprescription medications with an active ingredient and include antiseptics, antifungals, skin medications, and analgesics. If manufactured for human use, they will have an FDA label and are exempt from sales and use tax, even if used for animal care.

OTC meds that are administered, (not sold to clients as a product), under the federal extralabel requirements such as injectable Ivermectin are subject to sales tax (formerly exempt). Sales tax is charged when you purchase the product from your vendor. If a taxable OTC product is sold to clients, then you would need to collect and remit sales tax on the final retail price.

Taxable products that are frequently used in veterinary practice include:

CIDR
DMSO gel
Equi-Se-E
First Defense bolus
Ivomec inj.
LA 200- OTC antibiotic
Mineral oil
Pen G – OTC antibiotic
Probios
Valbazen

The following OTC meds are exempt if manufactured for human consumption even if used to treat animals but similar products, if manufactured specifically for veterinary use, are taxable:

Aspirin, Ibuprofen & similar pain-relief medications & analgesics
Analgesic salves & liniments
Antacids: Pepcid, Zantac, Prilosec
Antiseptics & soaps used for the treatment of infection & skin diseases
Medicated burn remedies
Cough suppressants and cough syrup
Decongestants & antihistamines: Benadryl, Zyrtec, Chlortrimeton, Claritan
Omeprazole
Analgesic toothache preparations
Eye preparations for the healing or treatment of the eyes including eye drops, ointments & washes
Probiotics
Supplements
Laxatives, cathartics & suppositories

Please note: This document contains information on the tax status of animal medical products in Vermont and does not supersede rules or guidance from other regulatory bodies or practice authorities. The FDA issues guidance on allowable extralabel OTC medications for both food-producing and non-food producing animals. Here is a link to the [FDA guidance document](#):

The following is a list of prohibited extralabel OTC medication usage in food-producing animals. Please note that there are currently no FDA prohibitions for extralabel use of OTCs for non-food producing animals [see (b) below].

§530.41 Drugs prohibited for extralabel use in animals.

(a) The following drugs, families of drugs, and substances are prohibited for extralabel animal and human drug uses in food-producing animals.

- (1) Chloramphenicol;
- (2) Clenbuterol;
- (3) Diethylstilbestrol (DES);

- (4) Dimetridazole;
- (5) Ipronidazole;
- (6) Other nitroimidazoles;
- (7) Furazolidone.
- (8) Nitrofurazone.
- (9) Sulfonamide drugs in lactating dairy cattle (except approved use of sulfadimethoxine, sulfabromomethazine, and sulfaethoxypyridazine);
- (10) Fluoroquinolones; and
- (11) Glycopeptides.
- (12) Phenylbutazone in female dairy cattle 20 months of age or older.
- (13) Cephalosporins (not including cephalixin) in cattle, swine, chickens, or turkeys:
 - (i) For disease prevention purposes;
 - (ii) At unapproved doses, frequencies, durations, or routes of administration; or
 - (iii) If the drug is not approved for that species and production class.
- (b) The following drugs, families of drugs, and substances are prohibited for extralabel animal and human drug uses in nonfood-producing animals:
 - [Reserved]
 - (c) [Reserved]
 - (d) The following drugs, or classes of drugs, that are approved for treating or preventing influenza A, are prohibited from extralabel use in chickens, turkeys, and ducks:
 - (1) Adamantanes.
 - (2) Neuraminidase inhibitors.

Flea and Tick Prevention, Heartworm products are exempt if the product requires a prescription; otherwise it is considered an OTC medication and is taxable.

Veterinary Supplies

Veterinary supplies are exempt from sales and use tax. The product(s) must be:

- (1) tangible personal property
- (2) therapeutic in nature,
- (3) not normally used absent illness or injury, and
- (4) not intended for repeated usage.

Over-the-counter drugs are never considered to be veterinary supplies.

Examples of exempt supplies:

Needles
 Bandaging materials including aerosolized bandaging like Aluspray and Catron IV
 Suture Materials
 Syringes
 Laboratory testing supplies

Examples of taxable supplies:

Cleaning products
 Office products

Durable Medical Equipment

The Vermont Department of Taxes will generally consider an item "durable medical equipment" if it can withstand repeated use, is primarily and customarily used to serve a medical purpose, generally is not useful to an animal in the absence of illness or injury, and is not worn on or in the body. Repair and replacement parts would also be exempt. This means medical equipment and devices used in the veterinary office to diagnose or treat animals are exempt.

Cross-State Rules on Sales Tax

For products that are tax-exempt in New Hampshire, the VT Dept. of Taxes advises: *"Generally, if the taxable item is transferred in Vermont, sales tax will apply. That includes deliveries to Vermont. If the item is transferred and paid for in New Hampshire, Vermont sales tax will not apply."* If you order a taxable product in Vermont and have it delivered to a New Hampshire address (client or clinic), it is exempt from sales tax because it never physically landed in Vermont. However, if you order a product, have it delivered in Vermont, and then drive it to a client in New Hampshire, the product is taxable.